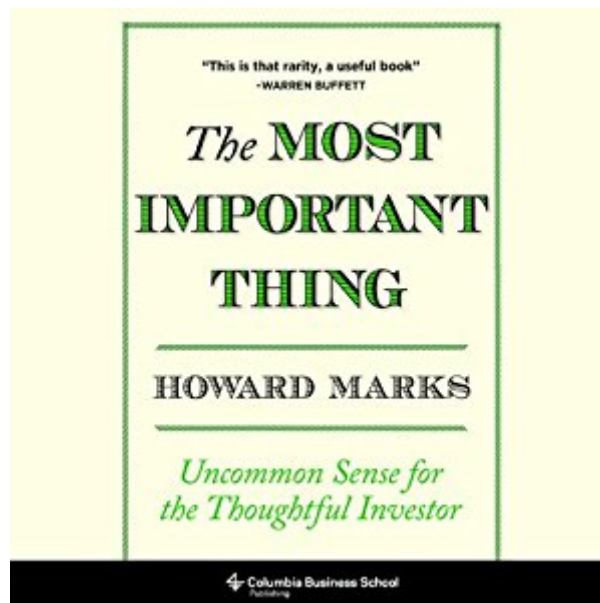




The book was found

The Most Important Thing: Uncommon Sense For The Thoughtful Investor



Synopsis

Howard Marks, the chairman and cofounder of Oaktree Capital Management, is renowned for his insightful assessments of market opportunity and risk. After four decades spent ascending to the top of the investment management profession, he is today sought out by the world's leading value investors, and his client memos brim with insightful commentary and a time-tested, fundamental philosophy. Now for the first time, all listeners can benefit from Marks's wisdom, concentrated into a single volume that speaks to both the amateur and seasoned investor. Informed by a lifetime of experience and study, *The Most Important Thing* explains the keys to successful investment and the pitfalls that can destroy capital or ruin a career. Using passages from his memos to illustrate his ideas, Marks teaches by example, detailing the development of an investment philosophy that fully acknowledges the complexities of investing and the perils of the financial world. Brilliantly applying insight to today's volatile markets, Marks offers a volume that is part memoir, part creed, with a number of broad takeaways. Marks expounds on such concepts as "second-level thinking", the price/value relationship, patient opportunism, and defensive investing. Frankly and honestly assessing his own decisions - and occasional missteps - he provides valuable lessons for critical thinking, risk assessment, and investment strategy. Encouraging investors to be "contrarian", Marks wisely judges market cycles and achieves returns through aggressive yet measured action. Which element is the most essential? Successful investing requires thoughtful attention to many separate aspects, and each of Marks's subjects proves to be the most important thing.

Book Information

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Customer Reviews

This is truly the best book that I have ever read about inefficient markets. It is conceptually sound and simultaneously based on the wise experience of a portfolio manager over decades. In particular, Howard Marks' explanation of the cyclical nature of markets around their intrinsic valuations correctly explain market over reaction. Market over reaction offers the opportunity to profitably trade for the longer term. Academics call this cyclical nature "ranges of bounded rationality." Practitioners call it "market sentiment." Bollinger attempts to measure it with "Bollinger Bands." (Bollinger Bands are +/- 1.5 standard errors of prices over a 200 day moving average.) Behavioral finance people account for this cyclical nature based on human irrationality. Marks does a terrific job of calling into question the commonly accepted academic assumption: market prices ALWAYS equal intrinsic valuation. The academic community must relax this erroneous assumption. Until that community does so, the profession will continue to face an impossible task. That task is making progress on the core issues facing mankind on how markets actually work in the real world. Empirical evidence to support Mark's incredibly sound concepts would substantiate his arguments. My research fills part of this gap. Combining Marks' concepts with Benoit Mandelbrot's research measurements promises the opportunity to achieve both lower fat-tailed risk and superior investment returns.

Rawley Thomas
President and Co-Founder of LifeCycle Returns
Co-Editor of The Valuation Handbook
The Valuation Handbook: Valuation Techniques from Today's Top Practitioners (Wiley Finance)
and Co-Author of ValuFocus Investing
ValuFocus Investing: A Cash-Loving Contrarian Way to Invest in Stocks (Wiley Finance)

Just when I thought there could not possibly be another good investment book out there, along came 'The Most Important Thing' (I can somewhat qualify as a judge if one scans previous reviews). Irrespective of my judgement, other comments that possibly this book should be avoided, one should stop and reflect a second that an investor should never stop learning. Once you think you can't learn anything else then maybe your investing career is over. Howard Mark's words will surely put to rest that 'old dogs' can not learn something new, or at least think of it in a different way. Though investing for more than 20+ years, I have marked and 'dog eared' many pages as insightful, and something to think more about. I believe the chapters on Second Level Thinking, and Risks, are indeed discriminating to make the reader say, I never thought of it that way. In addition, the writings on defensive investing in the (losers game) of unforced errors are timeless.

Valuable References:
Security Analysis: Sixth Edition, Foreword by Warren Buffett
by Graham & Dodd
The Aggressive Conservative Investor (Wiley Investment Classics)
by Martin J. Whitman

and Martin Shubik Common Stocks and Uncommon Profits and Other Writings (Wiley Investment Classics) — by Philip A. Fisher

Great book on investment philosophy. This is NOT a "how to get rich" guide, nor is it intended to be.

Howard Marks has made an indelible impression on me through this well-crafted treatment of second-level thinking, articulating value, and managing risk well in the world of investing. I particularly value Figure 5.2 on page 34, where Mr. Marks succinctly captures the successive lengthening of the distribution curves of risk as it increases. Also, singularly helpful are Figures 7.1 and 7.2 on pages 59 and 60. In these figures, Mr. Marks graphically captures the value added differentiation of alpha (second-level thinking) over beta (standard due diligence analysis). I now use the same charts to clarify my value differentiation from competitors when negotiating with clients for consulting contracts and compensation. Thank you, Howard Marks! I have successfully and deservedly negotiated a lot of additional money in my contracts by adapting and implementing your ideas. I also highly recommend — The Second Bounce of the Ball: Turning Risk into Opportunity

Among "investment writers," Howard Marks may be both the greatest investor AND the greatest writer. I took away a star because it is essentially a "greatest hits album" of his investment memos without a ton of new material, but since I had originally rated it six stars, it still gets a perfect score.

I have read Howard's memos for years so was excited to see a book come out under his authorship. I highly recommend buying this book if you are unfamiliar with Howard. His views on investing are invaluable. If you are like me, however, you may find this book to be a bit of a let down as it relies heavily on his old memos (all of which are free on the Oaktree website). The book literally rewrites important segments of his memos and then adds a bit of color here and there. I find it convenient to have the most important points of his memos in one place and nicely summarized, but that's about it.

This book summarizes the essential elements of successful investor qualities. Successful investing is difficult to achieve but is doable through committing to learning these abilities. This book is good for seasoned investors and great for beginners.

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The Most Important Thing Illuminated: Uncommon Sense for the Thoughtful Investor (Columbia

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